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Title: ESRC "Tensions and Prospects for Sustainable Housing Growth - a case study of Northamptonshire and Milton Keynes" interim report October/November 2012

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Example citation: Field, M., Colenutt, B. and Cochrane, A. (2012) *ESRC "Tensions and Prospects for Sustainable Housing Growth - a case study of Northamptonshire and Milton Keynes" interim report October/November 2012*. (Unpublished)

Version: Full text (interim report)

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ESRC “Tensions and Prospects for Sustainable Housing Growth”

- a case study of Northamptonshire and Milton Keynes

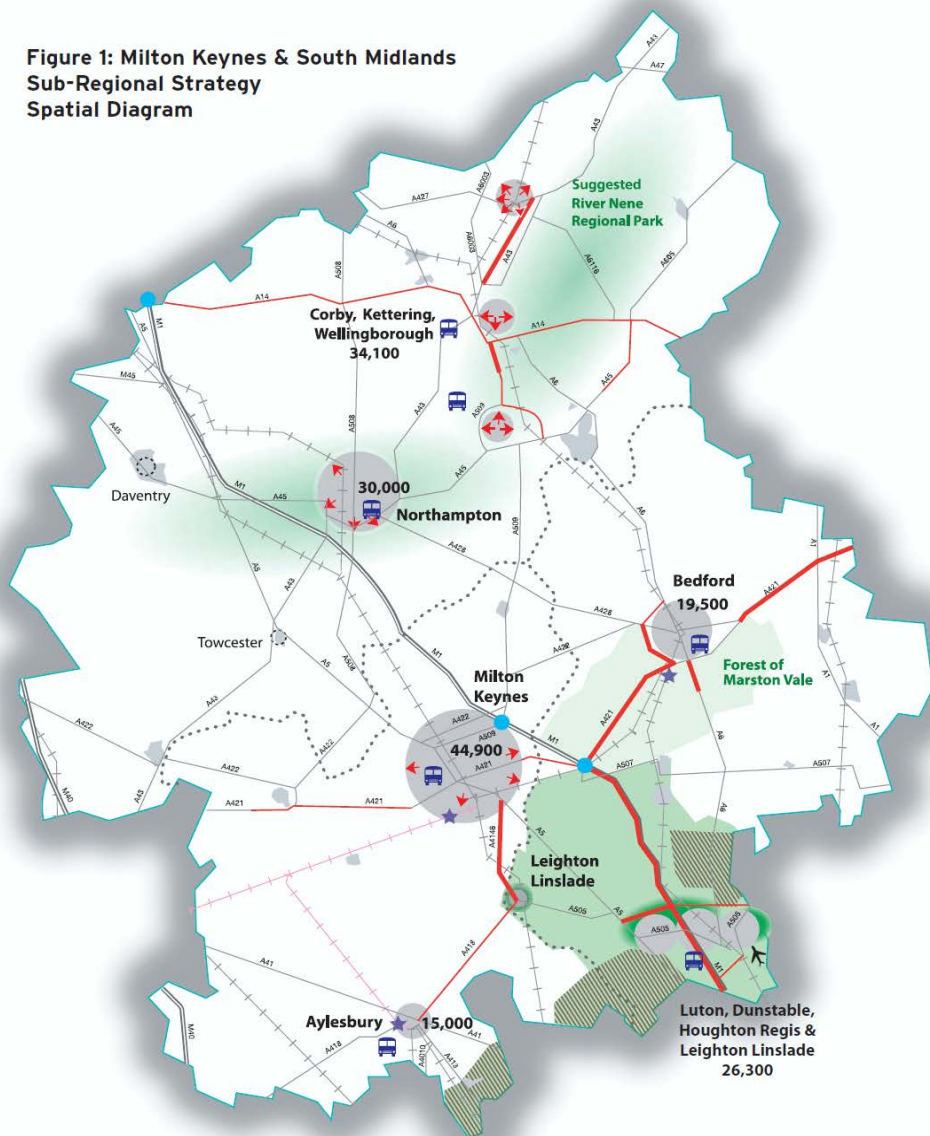
Interim report October/ November 2012

The purpose of this report is to provide a concise overview of initial empirical findings for the first two research questions posed in the ERSC research proposal:

- a) How have perspectives, policies and decisions on **growth** altered before the recession to the period of changed economic and policy circumstances?
- b) How have perspectives, policies and decisions on **sustainable development** changed across this period?

The report is deliberately more of a descriptive nature at this stage, rather than a full analytical approach to the subject issues, however it does conclude with some questions and themes for discussion that will inform further work to be undertaken on the project. [See also the short “Progress Report (1) – Oct 2012” that summarises the methodological approach behind these findings.]

**Figure 1: Milton Keynes & South Midlands
Sub-Regional Strategy
Spatial Diagram**



(Strategic Framework and map of strategic housing development options across the case study area of Milton Keynes South Midlands, taken from “MKSM Sub-Regional Strategy” 2005, published by Government Offices for the South East, East and East Midlands)

1. Perspectives, Policies and Decisions on Growth

1.1 Policy Context

The seminal report **Sustainable Communities : building for the future** (SCP) issued by the Labour Government in 2003 set out an ambitious set of changes to England's housing and planning sectors. Prompted by a growing concern about the slow delivery of new housing even when the economy was performing relatively well, (as explored by the subsequent **Barker Report** in 2004), the Government's assessment was that there were compelling economic and strategic reasons for a wholesale increase in the rate and quality of UK housing delivery. The SCP included a focus upon :

A 'step change' in housing supply : more affordable homes, including key worker housing, support for people who wish to move into home ownership and action on empty properties.

New growth areas : the identification of four growth areas in the southern half of the country - Thames Gateway; Milton Keynes South Midlands (MKSM); Ashford; and the Cambridge / Stansted Corridor.

Decent homes : bringing council homes up to a decent standard, tackling low demand and abandonment, and homelessness.

Countryside and local environment : protection of the green belt, improvements to local parks and public spaces, and affordable homes in villages.

Sustainable communities : regenerating deprived areas, making up new communities and a regional approach to housing policy and planning.

The ESRC 'study-area' covers one part of the "MKSM Growth Area", which as a whole was to carry the ambition and targets for the largest amount of housing growth in the UK. The MKSM Inter-Regional Board in April 2004 stated that MKSM was "not just about housing, but communities and is to be jobs-led" - in other words, there was at the outset an aspiration for a comprehensive growth strategy framed by a strategic plan.

The three sub-parts of the study area (North Northants, West Northants and Milton Keynes) have similarities as post-war planned growth areas yet have important differences in their histories, local economies, housing markets, and local politics. Towns in North Northants like Kettering and Corby which had suffered economic decline for some years, were ambitious for regeneration and expansion, as was Daventry in the West, and Northampton itself. Towns and villages on the edge of these towns wished to retain their more local character and were hesitant to hostile about plans that could mean large changes. Milton Keynes, by contrast, had already defined itself by a consistent aspiration for urban growth since its inception in 1967.

A **Sub-regional Strategy for MKSM** was published in March 2005 seeking to "achieve a major increase in new homes paralleled by a commensurate level of economic growth". The housing projections for main towns in the Case Study area were ambitious (and

employment forecasts, described as “reference values only not targets”, sought to match housing numbers – 125,000 new jobs by 2021).

	2001-21	2021-2031
Corby, Kettering & Wellingborough	34,100	28,000
Northampton	30,000	17,500
Milton Keynes	44,900	23,700
Total	109,000	69,000

Source: MKSM, 2005 : figures exclude new housing in rural areas and small towns.

Subsequent ‘Core Strategies’ for the two halves of Northamptonshire envisaged a modest start, accelerating in the later part of the plan period between 2012-2021, once infrastructure was in place. The planned rates of housing development to achieve the overall target in North Northamptonshire envisaged a rapid stepping up of completions from an average 1,638 per annum in the period 2001 – 2006 to 2,531 per annum between 2006 – 2011 and a sustained level of over 3,100 dwellings per annum from 2011-2021.

Between 30-40% of the growth across the study area was to be in “Sustainable Urban Extensions” (SUEs) of 1000+ homes requiring significant investment in roads, schools, parks, health facilities and other new amenities. These would not be easily bolted onto to existing housing areas and required extensive planning for a long build-out timescale.

Core strategies were prepared for separate sub-areas by new planning collaborations between the local authorities within those separate sub-areas – particularly the West Northants Joint Planning Unit and the North Northants Joint Planning Unit - on the basis of the MKSM projections. These were optimistic and wide ranging, incorporating aspirational views of how 'high-quality growth' would provide new sustainable places. For example, North Northants was to be “a showpiece of modern green living”; “a step change in jobs and homes”; “high quality development, safe, healthy and attractive area for new residents, visitors and businesses to invest in”; “a benchmark for green living” (NN Core Strategy, 2007). The underlying assumption was of high rates of growth throughout the SCP and local Core Strategy periods - Corby and Milton Keynes should double in size by 2031 and Northampton to grow from 200,000 people to around 300,000 - although there were warnings that sufficient time needed to be factored in to development timelines to allow for the provision of major infrastructure likely to be required through planning conditions “*Planning permission for urban extensions will not be given until infrastructure solutions are identified and phasing of development is linked to preferred solutions*” (MKSM, para 3.50). A warning about the delivery risks in this strategy was given in the MKSM strategy: “*appropriate contributions will be required from many sources, both in the private and*

public sectors. Unless these needs are met it may not be possible to provide the levels of housing and economic growth set out in the Strategy". (op.cit. para 17)

1.2 Delivery mechanisms

Growth in the MKSM area, as elsewhere, was intended to be led by the private development sector. Planning would identify the sites and developers would come forward with proposals that could deliver to the aims of Core Strategies. There was a small Growth Areas Fund and a limited Transport Infrastructure Fund, and an advisory MKSM Inter-Regional Board chaired initially by Iain Wright, a Junior Minister for Housing.

However there was no coordinated inter-departmental Government working over the Growth Areas, nor any coordination of funding streams for major infrastructure, or additional funding for new public services. Local authorities, health authorities and police bodies lobbied hard for extra resources in Government Spending Reviews but were very aware that a positive outcome seemed consistently with uncertain and thereby unreliable.

The Government's administrative aim in MKSM was light touch. One former Government officer described the situation thus; *"No one was in charge of MKSM. Nobody was pushing it. It was not a brand. The growth agenda assumed that if you drew up a plan the private sector would deliver it"*. The Government did however create an Urban Development Corporation in West Northants (WNDC), which had development control powers over larger applications, but no land vested in it, and with limited funding to intervene. It encouraged North Northants to create a Development Company, as a promotional and coordinating body (though without planning powers). The scene was very different to that of Milton Keynes, where a Partnership Board was set up under the aegis of English Partnerships with significant planning powers over key parts of the urban area, ownership of its own development sites, and an effective machine to lobby for funds.

WNDC was created by Government to coordinate fragmented local authorities in West Northamptonshire and saw its role as adding skilled capacity so that sustainable development could be achieved : *"In many ways our role was to be [a] brake on growth, to provide weight to local authorities to argue with developers for bigger infrastructure"* (local authority officer)

But local authorities and communities, while accepting the reality of WNDC, resented it. To the local authority, WNDC was diminishing their statutory role and status, while some local communities saw it as a means of forcing through unwanted development (*"their motivation is to grant planning permission not do the opposite"*). Conversely, at times developers saw it as quite the opposite - holding up development by not doing enough to facilitate it : *"It has not achieved anything: there are few examples of planning permissions granted and infrastructure schemes delivered"*(local authority officer).

In response to these concerns, shortly after the Coalition Government was elected, the remit of the WNDP was changed by new ministers, in line with the emerging view that the making of key local planning approvals should be taken by local authorities. The focus of WNDP's remit was thus moved from helping to co-ordinate the large urban extensions to a focus on town centre regeneration sites, such as in Northampton, Daventry and Towcester. The activity of the Development Company in North Northants was also reduced in order to focus on the work of the North Northants Joint Planning Unit. In Milton Keynes, the separate responsibilities associated with the local authority and the MK Partnership (which had now been moved into the national Homes & Communities Agency) were now proposed to be amalgamated into the unitary local authority, although there remained some residual tensions over the pace of the transfer of local property.

Alongside the formal bodies, a key mechanism for funding to help the planned development was in the use of 'section 106' agreements and later a 'roof tax' (or standard charge per house built) that could collect funds for expenditure to help schemes on the ground, particularly for infrastructure requirements. This was pioneered by MK by setting obligations against proposed development to collect capital and revenue funds for expenditure on the infrastructure requirements that will facilitate actual development schemes to come on-stream and be appropriately linked into wider civic and urban services. By 2006 this 'tariff' rate was £18,500 per house to be paid out by landowners and developers over the time that a site's development was approved and completed. **(English Partnerships (2010) *The Milton Keynes Tariff*; Walker, J (2012) *Land Value Capture and Infrastructure Delivery through SLICs*, Town and Country Planning, Tomorrow Series Paper 13, TCPA: London)**. Different levels of charges would be applied to land with different values, with additional contributions sought as values rose from the accumulative impact of public and private sector investment and subsequent market changes. Affordable housing contributions were not included in the standard charge nor were costs attributable to sustainability measures in new homes - these would be negotiated with developers through subsequent planning agreements. The 'tariff' has therefore been a forerunner of subsequent proposals for the Community Infrastructure Levy (CIL).

1.3 Responses from stakeholders

The 'local authority view' : Although there were wide differences of support for the core principles of MKSM across the study area, both Conservative and Labour Councils collaborated over growth - as the setting up of the Joint Planning Units and Joint Planning Committees can demonstrate - and adopted quite pragmatic views:

"We are pragmatic – the growth agenda was coming - it was foolish to resist. If you are going to have growth you may as well get what you can out of it in terms of infrastructure support and government funding." (Local authority officer)

"We are an expanded town, so growth is not a new concept" (Local authority officer)

"This is a logical location for growth, and is still an area where authorities are up for growth"
(Local authority officer)

"The distinctive quality of MK is growth: a growing town capable of attracting a wide range of services and wishing to adopt the latest things" (Local authority officer)

Elsewhere in Northamptonshire, towns with a recent history of 'new town' development like Corby and Daventry welcomed housing growth as part of growing their town centres and their economies, while Northampton town and key stakeholders embraced an ambition for it to become a city of a size that could overtake Derby as the third biggest urban centre in the East Midlands (see for example the 2007-2011 affordable housing investment programme prepared by the Housing Corporation). More tension was expended on the presence of WNDC, which was held by local authorities and parishes to be an undemocratic imposition set up by an insensitive Government.

The 'community' view : Many of the strongest criticisms and local protests, such as the Northampton Residents Alliance, and the STOP campaign in Northamptonshire, came from parishes and communities on the edge of the "growth towns". This generated a substantial response to consultation over the WN Core Strategy in 2009, with very many objections being returned. The responses showed just 123 supported the overall vision for growth, compared to 2416 against : only 186 of all respondents said they wanted to ensure that *"future development is based upon sustainable development principles"*.

A view from communities on the edge of Northampton was: *"The response to MKSM was always going to be about infrastructure. There was no idea of where the infrastructure was to come from. That's when we had a rally and thousands of letters were sent to the Council"*
(Resident)

There were severe concerns expressed by community groups in existing settlements about the scale of proposals for large urban extensions, backed up by criticism levelled at other schemes (like Grange Park and Upton in Northampton) that had experienced uncertainties about the delivery of community facilities (see SNC evaluation of Grange Park 2011).

Yet to put this in perspective, one officer commented that *"we never got the level of opposition seen in other parts of the country"*. In North Northants there was limited community reaction to the publication of the Core Strategy. In Milton Keynes there was opposition to the idea of new development to the east side of the M1, but stronger support for the principle of new development on the western side of the M1. The large urban extensions around Milton Keynes continued to receive a more positive response than elsewhere, and because of the relatively buoyant MK housing market and the established delivery processes involving known partners, more have commenced on-site than elsewhere in the study-area: *"people could see tangible benefits for an expanding town ... this helped take away the threat of new development, and took the political heat out the growth plans"*.

[The MK SUEs are the subject of a short comparative study to compare differences between SUEs across the study area].

By contrast, the cancellation of the RSS targets and the introduction of the **Localism Bill** in 2011 and directives winding down the LDVs, were welcomed by many community groups and local authorities - they felt it would give them more opportunity to influence local growth.

The 'house builder' view : National house building companies are the main developers and builders of housing in the case study area. Their traditional model (as elsewhere) was to acquire options on land (most of the potential housing land in the study area appears to be 'optioned off'), gain planning consent for schemes, sell each unit on completion of the construction works, and take no further role in the management of the residential stock.

The Growth areas were seen by them as an opportunity for increasing their strategic land acquisitions and assets which would underpin development and construction activities in later times. The costs of such land were critical in their model. Calculations about the impact of planning policy requirements were also crucial to assess their impact on the receipts to be gained for land used for non-housing purposes (such as employment sites) or to make contributions towards 'affordable' housing or schools.

[It is common to hear developers describe the contributions they have to make as having to be "*paid out of land value*", i.e. that planning permissions allowing land to be used for residential development will enable some of the receipts from built development to pay for matters or facilities required by planning conditions. In actuality all of a scheme's costs are ultimately delivered by the value and receipts of the whole development, not solely from receipts due to changes in the level of local land values. Achieving a more transparent understanding of the 'land value' debate will be the subject of substantial work within the ESRC project over the next year.]

The development sector accepts as a starting assumption that "*planning is adversarial by nature*" (house-builder interview), and made its views abundantly clear in consultations on Core Strategy documents. For example, in response to the WN Housing Strategy in March 2011, house builders argued that the strategy was "*too prescriptive*", particularly that the percentage of affordable housing was too high and that the requirement for homes to attain the Life Time Homes standard was unachievable. Yet lowering overall housing completion targets would be "*counter-productive for economic investment and housing provision*" not least because it would set new limits on the potential of the 'optioned' land. There was a direct challenge to the strategy's economic appraisal which was described as "*fundamentally flawed; you cannot dictate private sector decision-making*".

This response made negotiations on specific schemes and proposals extremely difficult. As one local authority officer said "*There was not a great lot of developers around*

Northampton and it was an uphill struggle. There never was quite a meeting of minds". Pressure on WNDP to deliver the policy *amounts* of new development increased year or year (the Chief Executive was replaced due to such concerns) – and one officer noted that housing numbers became more important than quality : *"the idea was to facilitate growth not to aim for quality"* – with an emphasis on shortening the time taken on negotiating planning approvals

1.4 Changes in the 'strategic growth' focus

Even before consultation on all the Core Strategies had finished (the Core Strategy in West Northants was still not completed by 2011) it was clear that delivery was lagging behind targets in Northamptonshire in particular and most of the large sustainable urban extensions (SUEs) were facing difficulties over planning, land assembly and infrastructure investment.

West Northants 2010-2011 Monitoring Report pointed to the national recession as a principal cause: *"economic recession has been a key factor in performance against indicators - infrastructure provision, house completions, investment in town centres, and net jobs growth, and delays in SUEs"*.

In North Northants, by 2011, only about 32% of planned growth had been achieved half way through the initial plan period (2001 – 2021), with 68% to be achieved over the remaining ten years. The economic slow-down meant that this target seemed already unrealistic. The **2010-2011 Annual Monitoring Report** concluded that *"North Northamptonshire is unable to meet employment growth required to balance housing targets and is significantly underperforming due to loss of manufacturing jobs"* (**NN Annual Monitoring Report 2010-11, p.26**).

Similarly West Northants in Jan 2011 referred to the changed "political and economic landscape", and stated that the *"the RSS figures cannot be delivered"*. The annual completion rate for West Northants was approximately 2000 per annum until 2007, then falling to 1550 in 2007/8; 1,100 in 2008/9 and 780 in 2009/10 and 687 in 2010/11 (**West Northamptonshire Annual Monitoring Report 2010-2011, p.63**). The total shortfall against the RSS target was 6092 by March 2011.

In Milton Keynes, completions between 2006-2010 reached 7215 against a plan target of approx. 15,000 – approx 50% below target. Even with making up for lost ground, officers expected that delivery would be 15% below target by the end of the plan period in 2026.

Changes to the core planning and housing strategies were becoming inevitable, driven not just by programme slippage, but also by the desire at local and national levels to reassess the overall growth agenda. The reviews of the Core Strategies that began in 2010 scaled back growth and housing targets, basing their revised projections on assessments of *locally* generated demand rather than any assessments for regional *in*-migration, or national

figures on the need for new housing from bodies like the NHPAU (which was subsequently wound up by the incoming government). In Northamptonshire, proposals for revised housing targets involve a reduction of 25% from earlier targets - in Milton Keynes revisions propose a 16% reduction. Major housing sites were removed from the revised Core Strategy on the edge of Northampton following an Environmental Assessment. However, despite these revisions, officers have still thought the new figures remain “challenging”.

Other policies in the Core Strategies, for sustainable development, for jobs, and for wider planning obligations, were in the main unchanged (was apart from a small reduction in the affordable housing requirements). Given that planning obligations and levels of affordable housing (previously set at 30-40%) are still being significantly reduced in some negotiations, this still leaves questions in the air about the pros and cons of retaining such obligations in the current economic and political climate. The impact on potential CIL payments is also unclear.

One WN report described the new climate thus: *“There is now a much more nuanced understanding of why a return to the level of delivery seen 4-5 years ago is likely to be slow, particularly in terms of housing completions. Developer confidence remains low with significant constraints on mortgage supply, infrastructure deficits and funding”*.

In the light of the evidence on delivery, WN JPU Officers suggested substantially lower targets to 2026, arguing that the proposed revised WN target of 50,150 by 2026, requiring an annual rate of delivery of 2000 per annum (equal to the 2001-2010 average), was over-optimistic. Some of the towns wanted, however, to retain higher targets for “aspirational” reasons and this view has prevailed at present. Similarly, the focus on SUEs as the main vehicle for delivery has been broadly retained, with work continuing in the background, despite the difficulties already experienced with the delivery of such large sites and complex schemes. In effect, there is still a hope expressed by various stakeholders that a sufficient upturn in market conditions in the medium to long-term will enable substantial development to proceed.

The economic slowdown was already having implications for the delivery of ‘affordable’ housing as well. Affordable housing numbers were actually more resilient than market housing when the recession began, due in the main to overt financial support from central government to give the development sector assistance with site commencements and help with their cash flows. But, the market slow-down was beginning to have a knock on effect on the provision of affordable housing because developers on individual schemes were successfully arguing about the ‘viability’ of mixed-tenure schemes. One Annual Monitoring report notes (page 97), *“It may be necessary to explore other means to ensure more affordable housing in the rural areas in the foreseeable future”*.

1.5 Commentary and first conclusions on 'growth'

The aim of New Labour's 'Growth' agenda was to increase housing delivery in the context of a housing market that was not delivering sufficient new housing. The Government assumption was that given the identification of sufficient sites in local plans, the private sector would be able to deliver the policy aspirations, with little need for significant Government funding or intervention on any large scale.

Although there were forums between developers and local authorities in both Milton Keynes and Northamptonshire, there appears to have been no strategic assessment at either Government or local level about the extent to which the landowners/house builders could deliver – or would be content to deliver - the growth visions in the Core Strategies. There was tension locally with house-builders resistant to the demands by local authorities and other development bodies for affordable housing, design quality and sustainability measures. This has led to appeals and delays with significantly increased tension.

There was also a range of responses for and against growth. Most local authorities in the study area were familiar with housing growth, and many welcomed the opportunity for town expansion, though there was opposition in towns and villages close to proposed urban extensions. In these places there were mixed responses from existing residents to growth proposals – there has been concern that existing communities could be swallowed up in remorseless expansion plans, but proportionate amounts of housing of a sufficiently good quality could be supported.

In Milton Keynes, the approach to growth has been very different to other sub-areas. As a unified authority with a strong pro-growth culture and history, (and a strong track record to the LDVs that have championed growth in recent years), despite some qualifications, it was much more comfortable with what MKSM has been seeking to achieve and with its own role in that intent.

By 2009/10 it was clear the projections were not achievable. Delivery fell behind schedule, and eventually got caught by the recession. The employment projections in the growth agenda were, in practice, given limited priority by Government in their evaluation of MKSM delivery. Development within MKSM was largely becoming a housing development affair, rather than a comprehensive delivery of economic /social / environmental aims.

In this context, reviews of Core Strategies were inevitable, spurred on by abolition of Regional Spatial Strategies (RSSs), and other changes in Government planning policy. A critical source of funding for development through s106 and other planning charges, accepted somewhat reluctantly by developers, was becoming difficult to deliver in the recession (even in Milton Keynes the levels of receipts had fallen below initial projections). Of particular concern were the delays in SUEs due to a slippage in infrastructure investments, land-owner negotiations, and later a fall in market demand (such as from restricted mortgage lending and rising job insecurity).

The Localism agenda accompanied by the revoking of RSSs and the winding down of LDVs was generally welcomed by local authorities - there is little sense that the loss of the MKSM Board as a strategic coordinating body has created difficulties - but it is too soon to ascertain if an increase in local authority discretion has had effects on the delivery of development ambitions.

The review process and transition to new Government policy framework has not undermined the ambitions of local authorities for growth. Local authorities see the recession as the main current obstacle to delivery, but take a positive view of their revised strategies and are generally comfortable with their own local plans. Even so, the revised targets and policies remain aspirational and are very challenging. So it is not clear why such ambitious targets were chosen at the outset. Why did local authorities initially accept the figures so readily even though they were controversial at the time??

2. Perspectives, Policies and Decisions on Sustainable Development

2.1 Policy Context

National and regional policy

The **Sustainable Communities : building for the future** report included the overarching conviction that *“housing and the local environment are vitally important [but] communities are more than just housing. They have many requirements. Investing in housing alone, paying no attention to the other needs of communities, risks wasting money – as past experience has shown. A wider vision of strong and sustainable communities is needed to underpin this plan, flowing from the Government’s strong commitment to sustainable development (SD) [ODPM, 2003, p5].”*

This focus on SD would be clarified in objectives and priorities through Regional Sustainable Development Frameworks (RSDFs) - as developed by key partners including Regional Chambers, Government Offices, Regional Development Agencies, business, local authorities, charities and voluntary groups – which would in turn inform other regional and local strategies, and be informed by other government initiatives. For example, in 2004 Sir John Egan was asked to examine and report why construction and development in many UK communities were not sustainable. He highlighted a number of problems and called for a new approach towards skills and knowledge (driven by a new, national centre,). He attempted to create an holistic discipline and consensus out of seven complementary ‘components’ – the much-reported ‘Egan Wheel’ (see below).

study area', the guiding principles and formal frameworks for undertaking 'sustainable development' and for creating 'sustainable communities' emerged at a different pace from within each of the study's three sub-areas and for this new 'sub-region' – MKSM – as a whole.

MKSM Framework

The development of the **Milton Keynes and South Midlands Sub-regional Strategy** in 2005 represented a first move away from the previous strategic direction provided by county-wide Structure Plans. It recommended alterations to three existing Regional Spatial Strategies [for the East Midlands, South East and Eastern regions] and associated Regional Planning Guidance and the creation of an initial joint policy framework that would underpin the preparation of statutory Local Development Documents by the local planning authorities across the sub-region. The Sub-regional Strategy comprised an overarching strategy for the whole of the Sub-Region (Part A) and a set of separate statements providing more specific guidance for all of the growth towns (Part B). Explicit within the Strategy's Objectives was that it helps "to create sustainable communities by ensuring that economic, environmental, social and cultural infrastructure needs are met in step with growth."

Strategic Policy 3 on "Sustainable Communities" listed the requirements necessary to 'build' such communities as a whole [see Appendix One below, for a summary of these], while the additional policy statements in Part B spelt out the necessary implications of implementing this successfully at local levels. Subsequent delivery of the Sub-regional Strategy would be secured (amongst other governance measures) by an early development of priority Local Development Documents to guide development in areas of change.

Milton Keynes SD framework

Milton Keynes had adopted a new Local Plan in December 2005, while work continued on the formation of a new long-term 'growth plan' looking forward all the way to 2031, and the creation of an overall new Local Development Framework (LDF). The Local Plan had 12 'aims', divided into three headings : 'Global'; 'Resources'; and 'Quality of Life', and the LDF Annual Monitoring Report 2005/06 described the kinds of replacement social, environmental & economic 'indicators' against which the future LDF would operate. (A formal LDF document had not been agreed and implemented at that stage, however the monitoring reports still reported on the ongoing work to bring this into being.) These were, in turn, derived from related policy sets in the LDF Sustainability Appraisal (SA) and the pre-existing Community Strategy (CS) plus other Best Value Performance Indicators (BVPIs), alongside the quantifiable physical activities directly related to the on-site implementation of planning policies. [The project's final report will itemise a timeline of how these documents have evolved and have related to each other over the full study period.]

A basic commitment to achieving 'sustainable' outcomes from planned growth and development was widely held as a given part of the new city's fundamental identity: *"MK has always made an attempt to plan sustainable communities. Originally each of the 'grid squares' was to be sustainable in its own right, though these are not now considered sufficiently dense to achieve this. MKC has clear views on promoting [sustainable construction] and the area has a history of looking at 'pilot' development."*

The development of new Supplementary Planning Documents (SPD) within the replacement Local Development Framework provided appropriate supplementary guidance, particularly for 'Sustainable Construction', for a new 'Tariff' approach to Section 106 Agreements, and for 'Affordable Housing'. Implementation of these has, however, been explicitly linked to the earlier setting of sustainability targets and other performance frameworks for authority areas. The SPD for MK's new 'Tariff' arrangements– *"will be monitored against the targets in the Sustainability Appraisal. The SPD will also be reviewed as and when necessary to reflect changes to the Tariff and planning obligations in the UDA which might arise from new detailed studies on infrastructure requirements. ..."* **The Milton Keynes Urban Development Area Tariff Supplementary Planning Document Consultation Draft July 2007**. And a formal Framework Agreement was put into place to govern the 'Performance and Quality Standards' under which all developers should comply with the MK Partnership's quality requirements for 'sustainable construction'.

The most recent formal regard for housing issues has been set out in the **MK Housing Topic Paper**, produced in Feb 2011 to support and justify the Council's decision to revise its Core Strategy housing target in order that these are *"more realistic and deliverable"*. Whilst this interestingly states that *"activity in the housing market over the last two years continues to support the Council's position"*, it makes no explicit reference to 'sustainability', or 'sustainable development'.

North Northants SD framework

Determined to achieve an early joint momentum between the four authorities, the North Northants Joint Planning Unit circulated an **"Issues & Options"** paper for public consultation in 2005 which noted that : *"the Government's short definition of sustainable communities is that they are "places where people want to live and work, now and in the future". Key points for measuring this are that such communities should be "active, inclusive and safe, well run, environmentally sensitive, well designed and built, well connected, thriving, well served and fair for everyone". What this means in practice will depend on local circumstances"*.

Central to the development of the Sustainability Appraisal subsequently proposed across the four authorities was *"ensuring that there is an understanding of what sustainable development means for the Core Spatial Strategy (CSS) and for the North Northamptonshire area....[as] given in the sustainability framework that identifies what the objectives are for more sustainable development in the area for the CSS"* **[NN 2007 SA technical summary]**.

These sustainability 'objectives' covered 23 separate sets of issues [see Appendix Two, below], stretching across built, natural and social environments, to *"provide a consistent basis against which the policies of the CSS can be appraised ... [and] allow a systematic approach to the assessment of potential effects."*

The North Northants Core Strategy was adopted in 2008. This was followed by subsequent adoptions of two Supplementary Planning Documents (SPDs) - one covered 'Biodiversity' and the other 'Sustainable Design', and the publication of a draft SPD on 'Developer Contributions', *"intended to provide guidance on the amount of contributions that is expected from developments, where applicable, against a range of infrastructure typologies ... [and] would supplement Core Strategy policy 6.* The latter has subsequently been subsumed within a current focus to develop a **CIL-framework** for the North Northants area.

The independent Inspector who examined the first North Northants Core Spatial Strategy found it to be 'sound' but expressed some concern about uncertainties with infrastructure provision : *"it is difficult to prioritise between Economic, Social and Environmental needs – [...it] must be a case by case basisThere has been some dumbing down of the approach since 2008 though commitment remains for increased energy efficiency"*(local authority officer).

The Inspector recommended an early review of the Appraisal, so a revision of the Sustainability Appraisal Scoping exercise was undertaken in 2009 and 2011 in order to update the background information which had informed the previous Sustainability Appraisal framework. It is currently envisaged that the replacement strategy will be grounded in a 'place shaping' approach *"which prioritises the actions needed to make our existing communities more self reliant and resilient to long term change [JCS Review]"*. The Joint Planning Committee has expressed a clear intent to give further consideration to the implications of the NPPF before finalising a revised JCS, particularly to issues like the viability of the key strategic sites and the implications of infrastructure costs (including the Community Infrastructure Levy), given that such formal strategies are now required to be subject to a 'viability assessment'.

West Northants SD framework

The SD framework in the West Northants sub-area has also been steered through the creation of a Joint Planning Committee across the three Borough Councils, with the support of an officer-led Joint Planning Unit. However it has proven to be the slowest to come together. While there was earlier work to look at strategic housing market assessments and estimations of land supply, it was not until 2009 that an '**Emergent Joint Core Strategy**' document was published (this included a very standard approach to SD : *"Sustainable development [is] development that meets the needs of the present without compromising*

the ability of future generations to meet their needs". The same year also saw the production of an **Emergent Joint Core Strategy Draft Sustainability Appraisal Report 2009**, and a first strategic planning document -the '**Affordable Housing SPD**' - while the bones of a local development scheme (LDS) overview to the required new framework was produced in 2010.

Subsequent **Joint Core Strategy Sustainability Appraisal 'Non Technical Summary'** reports have been produced in 2011 and 2012 to inform understanding for what the final Joint Core Strategy should comprise. However, by summer 2012, the process has still only reached the stage of further consultations with the intention that it is has gained partner approval for submission for Public Examination around November/ December 2012. In spite of their description, these 'Non-Technical' reports have commented in some detail on *"significant positive effects were identified in relation to energy and climatic factors [...] to material assets, population and social deprivation, in relation to most of the housing policies [...] and] sustainable development principles. Policies H2 and H3 cover the requirements for affordable housing and Policy H4 sets out the requirements for specialised housing."*

Work has therefore reached the stage where it is close to the final necessary Public Examination which will determine if the Core Strategy is accepted as a sound enough document to become the formal Local Strategic Framework for the three authority areas. Officers are already hesitant on its possible success: *"The pre-submission JCS plan is deliverable but how sustainable will it be? The authorities have set out what they want but there will have to be negotiations. On large sites there is uncertainty about infrastructure. Where SUEs have happened it was pre-recession e.g. Upton"* (local authority officer).

Changes in the focus of regional 'sustainability' policies

There were a number of further new policy directives issued by central government over the 2004 – 2010 period:

The **Local Government White Paper 2006** identified the requirement for all local authority areas to prepare a 'Sustainable Communities Strategy' (SCS), subsequently underpinned by provisions in the Sustainable Communities Act 2007, setting out holistic aims and aspirations for the development of local areas and for deciding how to address cross-cutting issues in a way that would be *'at the heart of creating sustainable development at the local level'*.

The Sub-National Review of Economic Development and Regeneration (July 2007) and the Housing Green Paper (July 2007) gave additional emphasis to the need for a strengthened local authority presence within sub-regional roles, working with others in 'place-shaping' and leading the sustainable development of localities.

There was also a growing regard for the importance of *economic* sustainability (evident before the recession started in 2008, but given significant emphasis following that time),

and to what would be suitable stimuli for sustainable 'economic development' (with links where these were seen as appropriate to 'sustainable construction' or 'sustainable locations' for employment land).

The Northamptonshire Sub-Regional Investment Plan (2009) 2010 to 2013 set out the local priorities for economic investment for 2010/11 to 2012/13, closely aligned with the **Regional Economic Strategy** produced by *emda* and the **MKSM Economic Development Implementation Plan** to ensure that "local plans for sustainable economic development are complementary with regional and pan-regional plans and that we align and prioritise resources effectively", and with the ambitions and priorities of the **Northamptonshire Sustainable Communities Strategy: The Best Place in England to Grow 2008/31**. The Sustainable Communities Strategy included within main ambitions for 'sustainable growth and regeneration'; 'a growing economy and more skilled jobs'; and 'safe and strong communities', and stated the 'imperative' that *"job growth keeps pace with new housing and provides opportunities for existing and new residents. This presents a major challenge as job growth is already lagging behind housing growth", and the concern that "without this, continued housing growth at the planned levels will become unsustainable. Future housing growth will place pressures on existing services and infrastructure...."*

2.2 Responses to sustainability policy directives

Notwithstanding the elaboration of SD into local policy positions, there has been a clear sense within the case-study area that the promotion of 'sustainability' has lacked clarity, and then been in want of a unified support for what the term could or should represent to different stakeholders.....

"Definitions of sustainability have changed so much over time and it is easily an overused term. Local authorities have not been particularly proactive about what developers should be doing to achieve sustainable development. There has been more of an approach of a checklist held up against policies, but this becomes a minimum approach" (local authority officer).

"Sustainability is not clearly defined. There is a need for a national consensus here and the NPPF is not a great help. A Sustainable Design SPD has been adopted as part of the Core Strategy and applications will not be registered unless they are accompanied by a Sustainability Statement. [...but....] Building for Life standards are not currently required, targets for affordable housing are under review, and some sustainability measures provided by developers such as PVs : Photo-voltaics] are not enforceable over time." (local authority officer)

"Developers were advised to have regard to [...the ...] sustainability strategy but it was not policy (it was tokenistic), and did not provide firm standards and officers did not have expert understanding. The emphasis was more physically driven e.g. sustainable construction that

could be measured; the 'social - economic - community stuff' was down to the design team.....". (local authority officer)

This sense of a lack of clarity encompasses doubts about the commitment from central government : *"I am not sure the Government thought about how sustainable communities were going to be delivered. John Prescott thought you could put it in a plan and local authorities would just get on with it. No one looked at it as a whole. The quality of growth was not of the quality envisaged Apart from a few pockets in MK, most of the developments were fairly standard....."* (government planning officer)

... and the effects of the inexorable change in government personnel that is a constant feature of the national political scene : *"Government was not always committed to the sustainable part of the growth agenda. [...] when you get a change of minister you get a different view [...]. There was still a desire among senior civil servants for sustainable development but it began to go off the boil because housing numbers were not being met across the country."* (government planning officer)

Alongside doubts about how to apply sustainability policy, has been a significant delay in bringing them into effect within the planned Sustainable Urban Extensions (SUEs). This has meant that local authorities are being forced to rethink what delivery of SUEs could be achieved in contemporary market conditions : *"the term SUE was used in Northampton without really understanding it or knowing how to implement it."* When asked to identify exemplars of sustainable communities or best practice many interview-respondents were unable to do so, and those who made reference to Upton did so in less-than fulsome terms....

"Since 2008 there has been a distinct increase in requests from developers for the evidence that supports all s 106 requests. Ambitions for what the SUEs might support across the Borough have yet to be realised. There is now an acceptance that the shopping list of funding contributions from the 'Sustainable Urban Extensions' has been too great." (local authority officer)

This in turn invites the question as to the degree that SD has been an agreed aspiration between and for local stakeholders - *"sustainable communities is not an explicit corporate policy, although sustainability featured strongly in planning policies and Area Action Plans"; or as something being 'imposed', as something that has lacked sufficient economic realism : "there was a real desire to improve standards but developers saw it as an imposition. There was never a meeting of minds. Very few of the developments we had when we started got delivered, so you did not get sustainability."* (local authority officer)

To some authorities, the 'green agenda' continues to be an explicitly strong motivation :

"the authority fully recognises the responsibility to future generations and is keen to promote its green credential. We want to see high environmental standards for our buildings

but we have to be sensible about it e.g. Code Level 6 is difficult to achieve in this economic climate. We like to push for green lungs, green links. We have achieved more than building regulations in some developments and in terms of Lifetime Homes we are striving for a higher proportion than a few years ago. We will struggle to reach higher quality because of the recession.” (local authority officer)

“There was little positive engagement on sustainability until recently. The environmental issues have tended to be seen as retention and preservation and anti-growth, and on the economic side we have very low unemployment and the economy is doing well. Strategically sustainability was largely ignored but there was a progression of thinking on the three legs of sustainability. Sustainability is no longer a threat, as more gains from the process are possible. Members are concerned about locally specific design. It’s about aiming for quality but developers are not overly keen on it for reasons of viability” (Local authority interview).

“The Core Strategy has a policy called “Sustainable Housing” which focuses on quality but the bigger picture is that it means the right amount of housing in the right places. There is a change in ambition on sustainable housing development due to viability issues [... but] if members see quality is lower it will impact on the way growth is viewed. There is a SPD on Sustainable Design and we have more confidence and skill and we monitor through Building for Life and there are more schemes achieving silver and gold standards” (local authority officer).

For other stakeholders, SD continues to seem too nebulous a cause to lose sleep over : *“sustainable development was dropped into the housing agenda for convenience because it is in the public interest but we have no clear understanding of what it means – it is all things to all men”*; the view has been strongly articulated that *“before producing guidelines for Sustainability Appraisals the Government should have talked to the [development] industry first.”* (Interview with housebuilder)

2.3 The impact on ‘infrastructure needs’ and ‘economic viability’

Two sets of complementary issues have thrown up concerns about whether ‘sustainability’ will be achieved:

- the extent to which sufficient resources will be directed towards the necessary ‘infrastructure’ to make built development successful either as new stand-alone residential areas, or as extensions to existing communities;
- and whether or not the market conditions for the planned development can be reasonably relied upon to allow the scheme to be ‘viable’.

“The mantra of infrastructure is all very well if you have the money to pay for it. My personal view is that within the context of the NPPF the whole of the development plan will be our local definition of sustainable development. On general levels of sustainability e.g. bio-

diversity and green aspects there is no question but I am ambivalent about code levels. Things like building standards and performance are much better because they can be regulated by building control ” (local authority officer).

“We were dubbed as anti-housing but we were never anti-housing. Infrastructure should be planned around the housing not after it” (resident).

And there is no doubting the sense in which payment for such ‘infrastructure’ has been increasingly beholden to the individual contributions of key agents : *“The Core Spatial Strategy is committed to supporting developments with improvements to the physical and social infrastructure. Delivery of infrastructure is dependent on partnership working between a variety of public and private sector agencies. Where the need for infrastructure arises from development then the development industry will be expected to contribute towards its provision” (local authority officer).*

“When you are planning a new town you must have massive infrastructure. Planners say they will get this from roof tax and section 106 but if they can’t get developers to hand over their money that’s it.” (local authority officer)

It is even noticeable that there is a degree of ambivalence in the development industry’s pronouncements on its ability to provide such contributions. On the one hand there is a reluctance to accept costs based on inflated ideas about sustainability : *“there is no problem in principle about sustainability but the planners did not know what they wanted. Value and viability drive everything but the planners do not look at this. There is nothing about the word sustainable that changes the criteria for development” (housebuilder interview); and “developers will always try and reduce affordable housing because it reduces land value – they don’t want to put anything in above standard. At a senior level the word was to get the best you can but don’t frighten them away. The idea was to facilitate growth not aim for quality growth” (local authority officer).*

On the other hand, there is also evidence of accepting sustainability as an inevitable part of modern development economics: *“the sustainability agenda is an additional cost item for the industry. But it’s a given, the industry adapts to the regulatory burden, and it is reflected in the value of the house.....” (housebuilder interview).*

2.4 Initial conclusions on ‘Sustainable Development’

Although many planning documents were produced on sustainability, no set of definitive standards or objectives was produced for MKSM, and the optimism of the holistic ‘Egan’ principles promoted by central government disappeared quite quickly. Net job creation rates across Northamptonshire (particularly in the North) were well below MKSM targets, but this factor played little part in the way the growth agenda was perceived, which was commandeered by a focus on *housing* growth. In effect the prominence given to 'SD' within the Labour government's original strategy was to try and consolidate it being a 'material'

matter for formal consideration and encouragement within national and local planning frameworks.

There has certainly been an immense degree of detail on how SD might be monitored, but no clear or common beliefs in an inevitability that implementing such SD measures on the ground will result in 'sustainable communities'. And the scepticism about what actual development could provide has remained very strong: *"two issues mitigated against higher standards. One was the additional cost of building homes of higher environmental standards and secondly it took so long from SCP to delivery that what we saw was designed some time ago"* (housebuilder interview).

In practice, what is becoming apparent is a more partial view on the nature of the focus on 'sustainable' development away from a language of it being 'people-centred' towards more tangible and measureable indicators of construction or infrastructure issues. Despite the widespread sense of concern about environmental impacts that can be evidenced in investment to green infrastructure, and sustainable construction measures, and Code for Sustainable Homes initiatives, the social and macro-economic sides of sustainability seem to have been especially neglected in the evaluation of development schemes. [There was a comprehensive report on social and cultural requirements for the MKSM area put together in 2006 by the voluntary and community sector, but this remains an isolated example of trying to insert a *comprehensive* regard for community needs into wider development proposals.]

The MK 'Tariff' arrangements remain a ground-breaking approach to seek development finance from planning *permissions*, but elsewhere, in spite of numerous studies, there was a clear uncertainty about funding the infrastructure requirements through roof taxes or tariffs or other planning obligations, even before the recession took hold. In the meantime, developers have increasingly viewed aspirations for 'sustainable development' (and in particular affordable housing requirements), as a cost which could no longer be met out of their potential increase in 'land value' :*"[....it was] envisaged that sustainability would be delivered by rising land values. There was some funding from Government but it was relatively small. We needed £38k per dwelling but this was way above what could be supported and we were [only] getting just £20k before the recession. With the recession and the collapse in values you could no longer get that level coming forward."* (local authority interview)

Originally it was also widely accepted that other resources outside of s106 or tariff inputs would be acquired to cover the full costs of the expenditure for the local infrastructure and facilities that actual schemes were being asked to provide. There is no longer any certainty on this and no consensus on where such funds might be found. Substantial work is now being undertaken, particularly by public sector planning bodies, on different strategic ways to 'forward fund' infrastructure requirements or maximising the impact of what planning

contributions have already been secured, perhaps by bringing forward the larger residential schemes in "*bite-sized chunks*".

Much comment has been made by stakeholders that growth was not "infrastructure-led" and that uncertainties about infrastructure have held back delivery. Although there are local cases where this seems to have been a very important factor, in others the evidence on this is less clear and perhaps much depends on how "infrastructure" is defined by stakeholders.

Given that many developers are now demanding flexibility over planning agreements and revisions to previous justifications for quality standards or s106 'shopping lists' (including now out-of-date assessments of 'scheme viability'), it will be useful to ascertain how many had negotiated land purchase options that did not include sufficient allowance for how market changes impact upon the resources directed towards the required aspects of sustainability policies.

3. Themes and questions

Was the Growth Agenda "imposed" by Government, or was it an expression of local ambitions and aspirations and might have taken place anyway? And/or was it an expression of what the housing market wanted with plans like MKSM giving shape to developer demands?

What did the MKSM approach achieve? MKSM gave a strategic framework for Core Strategies and meant they were drawn up relatively quickly, and provided limited funding and enabled SDVs to be set up, but did it stimulate more housing growth (was there a step change?) And what would have happened without it?

Were growth figures over-ambitious? Were they evidence based on the assumption of continued growth of London and the South East, or "politically driven"? Why initially was there so little detailed evaluation of the reality of them at a local level? Housing targets were initially seen as bringing businesses, jobs and new residents to the area, and then revised back to the needs of a growing existing population and even commuters to other areas of economic activity. Local leaders have needed to grasp the nettle of creating vibrant economic centre to attract new workers and residents or to settle for commuter, dormer towns, where existing residents who can't commute face fewer prospects in future.

Despite the outpouring of reports and policies on sustainability, was the approach largely superficial or naive - i.e. writing policies that people hoped but did not think could be delivered in practice? Was the pre-eminence of housing numbers rather than quality always going to rise to the top of the Government agenda?

How might the sustainability/quality agenda be achieved if substantial funding is not forthcoming from the development industry? And how can the gap between best practice and what is normal housing development be bridged?

Is there a reduction in democratic accountability in the development process as the presentation of 'viability' becomes ever more important than policy?

Is there an unavoidable loss of central and local policy ambitions for housing growth and quality in a market economy that is undergoing times of stress?

Appendix One

MKSM Sub-regional Strategy (2005)

Strategic Policy 3: Sustainable Communities

Sustainable Communities will be achieved in the Sub-Region through the implementation of development in accordance with the following principles:

- designing attractive cities, towns and public places;
- promoting the highest standards of environmental performance, including all aspects of water resource management;
- ensuring good accessibility and providing better public transport;
- facilitating safe and convenient movement on foot and by cycle;
- reducing reliance on car-based transport;
- maximising the opportunities afforded by growth to facilitate the regeneration of deprived communities;
- protecting, enhancing, and increasing the Sub-Region's stock of strategic environmental and cultural assets;
- providing green infrastructure for existing and expanding communities, including access to green space that promotes healthy lifestyles and can be used for formal and informal recreation and educational purposes;
- ensuring that the countryside in and around towns is sensitively designed to assimilate urban extensions into the landscape and accommodate links to and from the wider countryside;
- improving skills levels, enterprise, and innovation support;
- ensuring a supply of housing of the right types, sizes and tenure, and providing a step change in both the quantity and quality of affordable housing to meet the needs of the Sub-Region;
- providing the social (e.g. primary, secondary, further and higher education, health and social care) and environmental (e.g. water supply and treatment) infrastructure in accordance with current deficits and additional demands;
- managing and reducing demand where appropriate (e.g. demand for water);
- taking advantage of development opportunities for different scales of renewable energy in the Sub-Region;
- providing high quality employment land and premises which meets the needs of growing industries;
- maximising the contribution of previously developed land to the Sub-Region's growth;
- promoting and facilitating community development through the active involvement of the voluntary and community sectors; and
- ensuring improved community safety.

Appendix Two

North Northants Joint Core Strategy (2008)

(Summary of Sustainable development principles)

Accessibility – Enable people all to have similar and sufficient levels of access to services, facilities and opportunities

Housing – Provide the opportunity for people to meet their housing needs

Health – Improve overall levels of physical, mental and social well-being, and reduce disparities between different groups and different areas

Crime – Reduce the incidences of crime and the fear of crime

Community – Value and nurture a sense of belonging in a cohesive community whilst respecting diversity

Skills – Assist people in gaining the skills to fulfil their potential and increase their contribution to society and the economy

Liveability – To create healthy, clean and pleasant environments for people to enjoy living, working and for recreation and to protect and enhance residential amenity

Biodiversity – To protect, maintain and enhance the diversity and abundance of species and their habitats to implement a net gain and to avoid habitat fragmentation

Landscape - Maintain and enhance the quality, character and local distinctiveness of the landscape, including its contribution to the setting and character of settlements

Cultural Heritage - Protect and enhance sites, features and areas of historical, archaeological, geological and cultural value and their settings

Built Environment – Maintain and enhance the quality and distinctiveness of the built environment

Climate Change – Reduce the emissions of greenhouse gases and protect people from the effects of climate change

Air – Reduce all forms of air pollution in the interests of local air quality and the integrity of the atmosphere

Water Quality – Maintain and improve the quality of ground and river waters

Water Conservation and Management – Ensure adequate water supply, maximise water efficiency and reduce the risk of flooding

Soil and Land – Ensure the efficient use of land and maintain the resource of productive soil

Minerals – Ensure the efficient use of minerals and primary resources

Energy Use – Minimise energy consumption, increase energy efficiency and maintain the stock of non renewable energy sources

Renewable Energy – Increase the opportunities for energy generation from renewable sources

Waste – Reduce the consumption of finite materials and increase reuse and recycling

Employment – Maintain and enhance employment opportunities and to reduce the disparities arising from unequal access to jobs

Wealth Creation – Retain and enhance the factors which are conducive to wealth creation, including infrastructure and the local strengths and qualities that are attractive to visitors and investors

Town Centres – Protect and enhance the vitality and viability of town centres and market towns